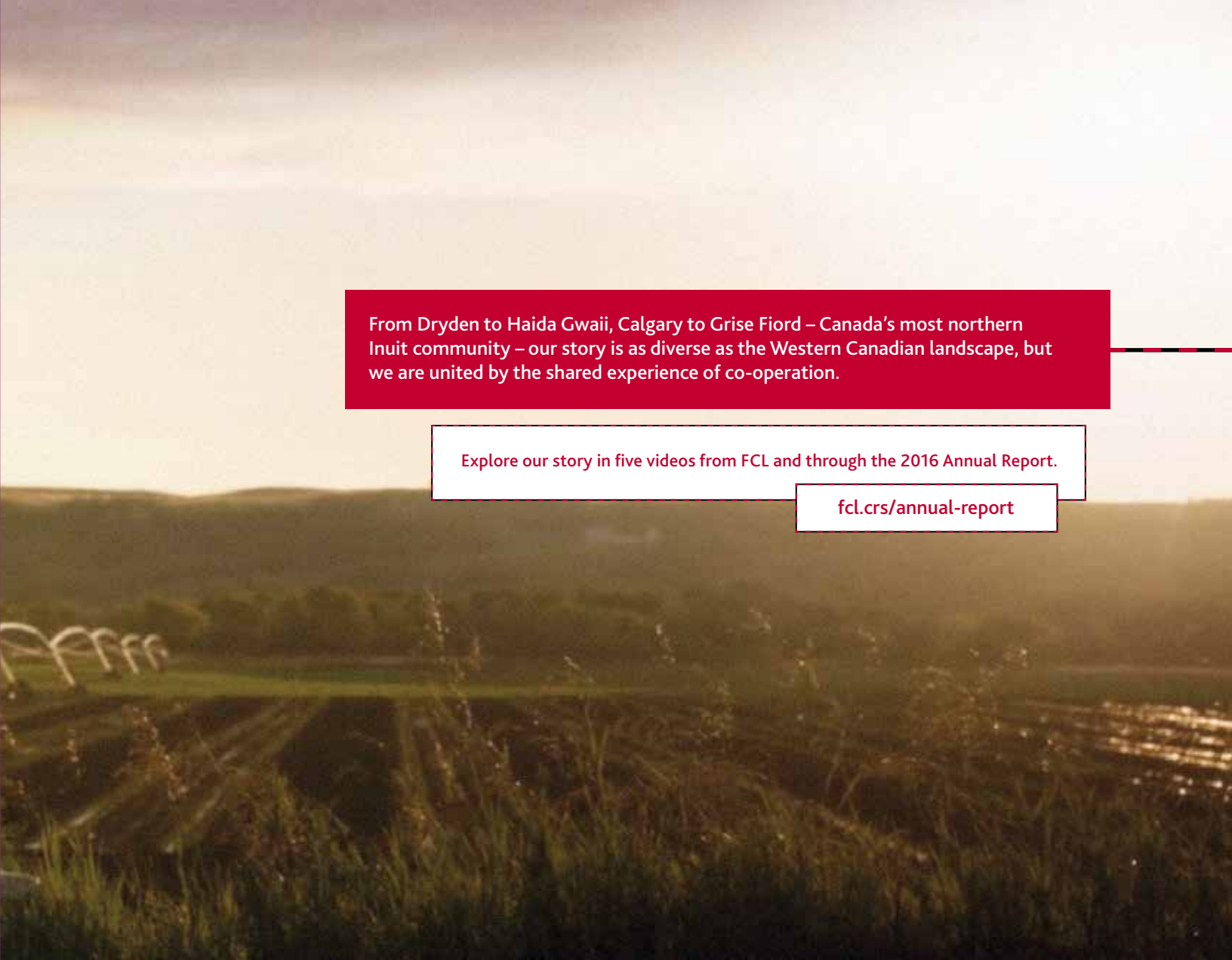
in review

2016 Annual Report



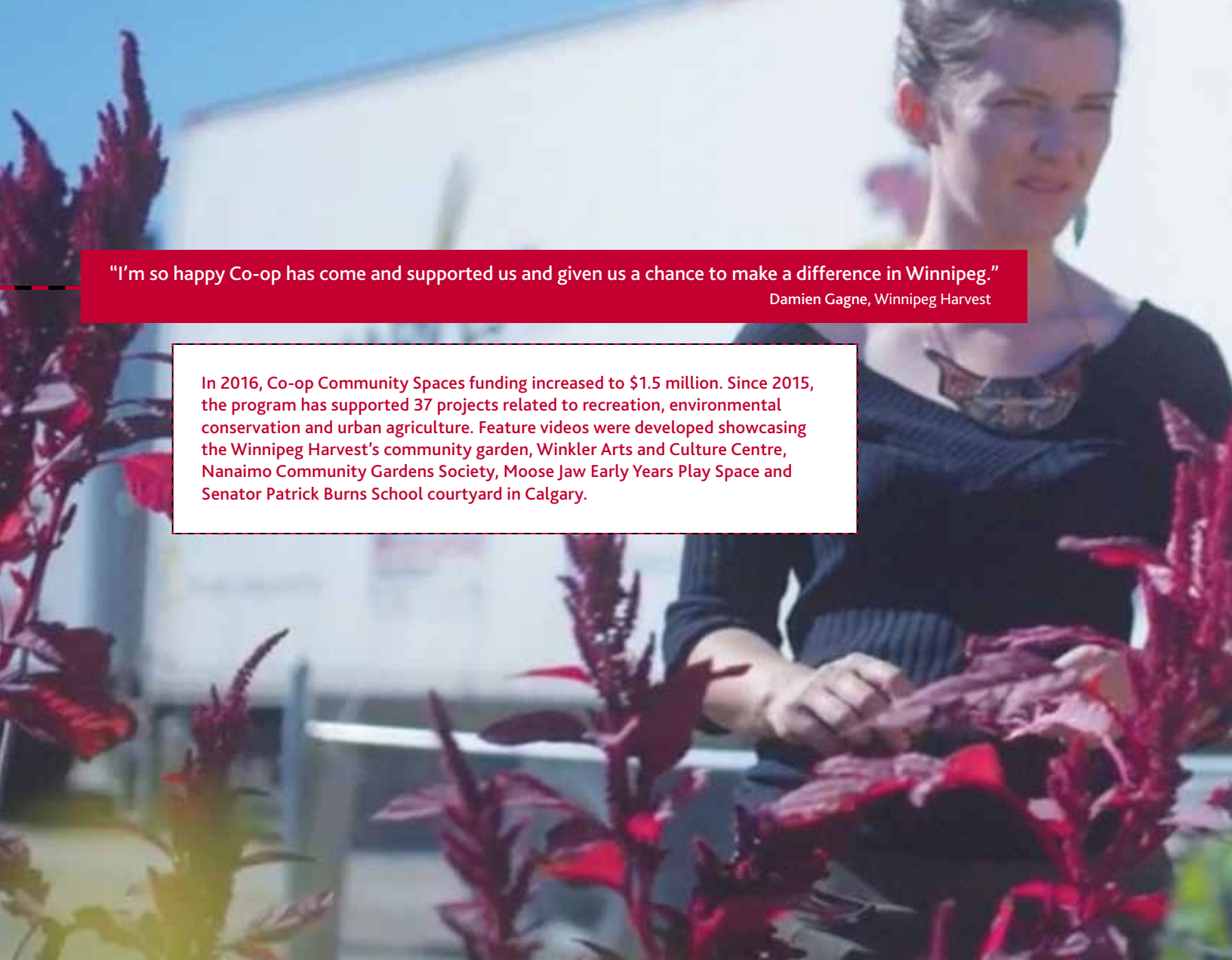
From Dryden to Haida Gwaii, Calgary to Grise Fiord – Canada's most northern Inuit community – our story is as diverse as the Western Canadian landscape, but we are united by the shared experience of co-operation.

Explore our story in five videos from FCL and through the 2016 Annual Report.

fcl.crs/annual-report

Inside every Co-op is a story.

The two new commercials for the 2016 fall brand campaign continue the narrative started in the previous year. *Roam* and *Pride* showcase all Co-op's business lines through the eyes of one family. *Roam* showcases the eldest daughter with friends on a road trip across Western Canada. *Pride* displays the lifecycle of food production, from farm to store to family table.



"I'm so happy Co-op has come and supported us and given us a chance to make a difference in Winnipeg."

Damien Gagne, Winnipeg Harvest

In 2016, Co-op Community Spaces funding increased to $1.5 million. Since 2015, the program has supported 37 projects related to recreation, environmental conservation and urban agriculture. Feature videos were developed showcasing the Winnipeg Harvest's community garden, Winkler Arts and Culture Centre, Nanaimo Community Gardens Society, Moose Jaw Early Years Play Space and Senator Patrick Burns School courtyard in Calgary.

"You start to see what you've worked for – that's why I like harvest."

Bob Wallace, Grain Farmer

Co-op is connecting customers with farmers, ranchers and food manufacturers like Bob Wallace. Wallace grows wheat and lentils in Tyner, Sask., for Co-op. He was featured in stores and online in a video where he told his Co-op story. Two other videos – related to producing milk and raising cattle – and other written features showcased Co-op products that are Grown, Raised and Produced at Home.

"To recycle your water, to actually reuse it…is unheard of. That's definitely cutting edge."

Gil Le Dressay, Vice-President, Refinery Operations, FCL

The Co-op Refinery Complex commissioned its $200 million Wastewater Improvement Project in 2016. It is the only refinery in North America to now recycle and reuse wastewater for steam production. The project is capable of recycling 100 per cent of the refinery's wastewater: 1,500 gallons of wastewater per minute or two million gallons per day.

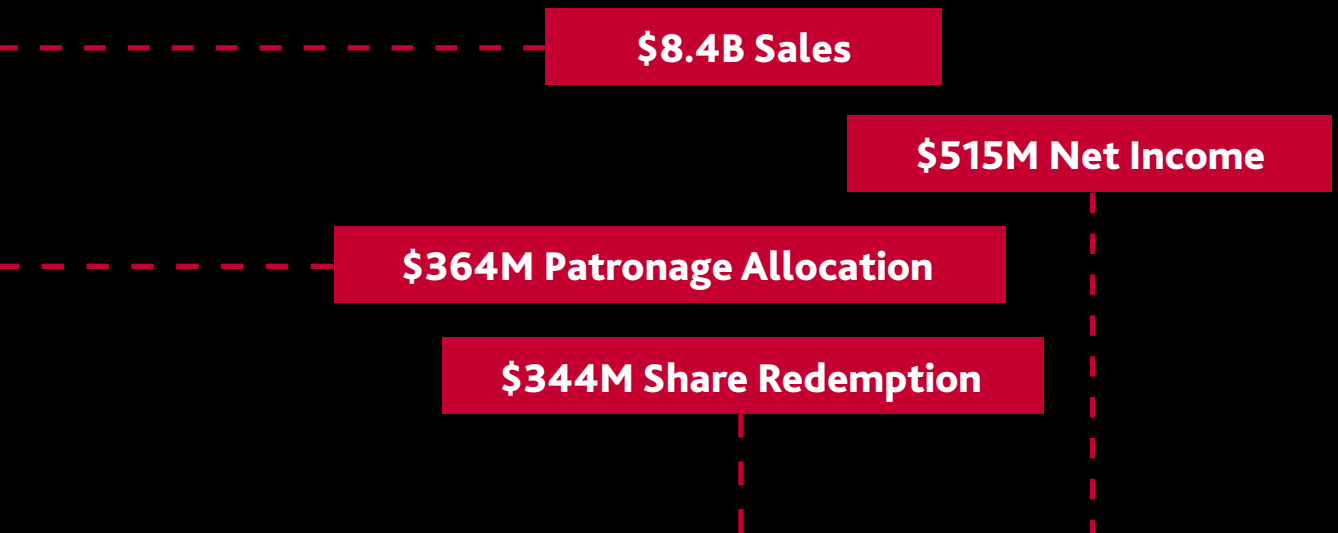
Potash. Phosphate. Sulphur. Urea.

FCL invested in two new state-of-the-art, high-throughput fertilizer terminals that will warehouse, blend and distribute a wide range of dry fertilizer constituents. The terminals in Hanley, Sask., and Brandon, Man., will have storage capacities of 45,000 tonnes and 27,500 tonnes respectively. When completed in the spring of 2017, these two terminals will enable FCL to provide unparalleled fertilizer-service support to retail co-operatives across the CRS.

Financial Highlights

Membership Returns

FCL is owned by its retail co-operative members. A significant portion of FCL's earnings are returned to its members in the form of patronage allocations based on their purchases throughout the year. In 2016, a patronage allocation was introduced for both fertilizer and freight.



The Board has approved the following patronage allocation rates:

	2014	2015	2016
Crop Supplies	5.972%	5.531%	4.626%
Feed	1.043%	2.356%	1.149%
Food	4.116%	4.345%	4.316%
Home and Building Solutions	5.464%	5.925%	5.770%
Freight	n/a	n/a	28.396%
Energy – Fuels (¢/L)[1]	6.444¢/L	4.671¢/L	4.666¢/L
Energy – Propane	9.650¢/L	11.751¢/L	6.243¢/L
Energy – Oil & Grease	25.121%	21.319%	20.938%
Fertilizer ($/MT)[2]	n/a	n/a	$3.377/MT

[1] cents per litre (¢/L) [2] dollars per metric ton ($/MT)

Over the last 10 years, FCL has made patronage allocations to its member-owners of $4.5 billion and share redemptions of $3.8 billion in cash.

Federated
Co-operatives
Limited